

Message Text

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15

ACTION EB-11

INFO OCT-01 EA-11 ADP-00 AID-20 NSC-10 RSC-01 CIEP-02

TRSE-00 SS-15 STR-08 OMB-01 CEA-02 CIAE-00 COME-00

FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12 LAB-06 SIL-01

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R 200340 Z JUN 73

FM AMEMBASSY SEOUL

TO SECSTATE WASHDC 8381

UNCLAS SEOUL 3905

E. O. 11652: N/A

TAGS: ETRD, KS

SUBJECT: KOREAN EXPORT RESTRICTIONS

REF: SEOUL A-131

1. TO ASSURE ADEQUATE DOMESTIC SUPPLIES AT PRICES BELOW EXPORT LEVELS ROKG HAS SINCE MARCH USED VARIOUS DEVICES TO LIMIT EXPORTS OF STEEL REINFORCING BARS, STEEL RODS, PLYWOOD, PORK AND COTTON FABRICS. EFFECT ON EXPORTS TO U. S. HAS BEEN CONFINED ALMOST ENTIRELY TO STEEL REINFORCING BARS.

2. EXPORTS OF STEEL REBARS AND RODS HAVE BEEN PRACTICALLY PROHIBITED DUE TO STRONG DEMAND OF KOREAN CONSTRUCTION INDUSTRY. WHILE NO FORMAL NOTICE HAS BEEN PUBLISHED, STEEL MAKERS HAVE ALL BEEN ADVISED THAT MCI EXPORT APPROVAL WILL BE WITHHELD INDEFINITELY UNTIL DOMESTIC DEMAND SATISFIED. NO EXTIMATE RELATTER AVAILABLE. DOMESTIC PRICE OF REBARS BEING HELD AT 78 PERCENT OF CURRENT EXPORT PRICE, AND SHORTAGES STILL REPORTED. EXPORT SHIPMENTS AGAINST PREVIOUS ORDERS PERMITTED ONLY IF LC OPENED PRIOR TO MARCH 7, ALTHOUGH EXCEPTIONS BEING CONSIDERED WHERE ORDERS ACCEPTED WITHOUT LC BEING OPENED AND BUYER HAS FILED

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COMPLAINT. KOREAN EXPORTED \$11.7 MILLION OF IRON AND STEEL BARS AND RODS (MAINLY STEEL REBARS) IN 1972, OF WHICH \$8.3 MILLION WENT TO U. S. (KOREAN DATA). LATTER ACCOUNTED FOR 12 PERCENT OF SHARPLY RISING IRON AND STEEL EXPORTS TO U. S. IN 1972 (PER REFAIR). PRELIMINARY 1973 MCI LC EXPORT DATA SHOW SHARP DECLINE IN BAR AND ROD EXPORTS FROM \$4.8 MILLION IN JANUARY- FEBRUARY TO ONLY \$9.9 MILLION IN MARCH- APRIL.

3. PLYWOOD EXPORTERS MUST SUPPLY DOMESTIC MARKET WITH AMOUNT EQUAL TO 20 PERCENT OF PREVIOUS MONTH' S EXPORTS. INCREASED DOMESTIC SALES HAVE CONTRIBUTED TO SLOWING OF EXPORT GROWTH SINCE MARCH. EXPORT PRICES ARE NOW AT LEAST TWICE FROZEN DOMESTIC PRICES.

4. OTHER EXPORT LIMITATIONS OF LITTLE CONSEQUENCE TO U. S. PORK EXPORTS, MAINLY TO JAPAN, ARE BEING RESTRICTED FOR DOMESTIC SUPPLY AND PRICE REASONS. TWO- PRICE SYSTEM IN COTTON YARN RESULTS IN LIMITATION OF COTTON TEXTILE EXPORTS TO THOSE USING HIGHER- PRICE YARN DESIGNATED FOR EXPORT PRODUCTS. NO EFFECT ON U. S. TRADE SEEN.

HABIB

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*** Current Classification *** UNCLASSIFIED

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